



LG&E Energy LLC
220 West Main Street (40202)
P.O. Box 32030
Louisville, KY 40232

January 15, 2004

Mr. Thomas M. Dorman
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602

RECEIVED
JAN 16 2004
PUBLIC SERVICE COMMISSION
KENTUCKY

Re: Louisville Gas and Electric Company (Case No. 2003-00058)

Dear Mr. Dorman:

Pursuant to Ordering Paragraph No. 7 of the Commission's Order in the aforementioned proceeding, Louisville Gas and Electric Company ("LG&E") hereby files an original and three (3) copies of information related to an issuance under said Order.

On January 6, 2004 LG&E borrowed \$100 million from Fidelia Corporation in accordance with the aforementioned Commission Order. The details of the loan are as follows:

Borrower:	Louisville Gas and Electric Company
Lender:	Fidelia Corporation
Amount:	\$100 million
Maturity Date:	January 6, 2005
Interest Rate:	1.53%
Price Paid:	100%
Proceeds:	\$100 million
Commissions Paid:	None
Legal Costs:	None thus far – there are recording fees to be paid
Security for Loan:	Second lien on Equipment
Interest Payments:	July 6 and January 6 commencing July 6, 2004

January 15, 2004

Mr. Thomas Dorman, Executive Director
Kentucky Public Service Commission
Page Two

The interest rate was set using the lowest rate quoted to LG&E at .30% above the yield on the one-year treasury note (1.23%). The supporting price indications from three investment banks is attached along with a copy of a page from Bloomberg showing the yield on the treasury bond on January 6. E.ON AG's cost was determined using their syndicated credit facility that allows loans of this tenor to be priced at one year LIBOR plus .20%. The LG&E bids were lower than the E.ON cost, and Fidelia agreed to match the pricing offered to LG&E. The supporting price indications are attached. The bids are summarized in the table below:

	LG&E Pricing	E.ON AG Pricing
Low bid above one-year treasury	.30%	
One-year treasury rate	1.23%	
All-in cost	1.53%	
Bid above one-year LIBOR		.20%
One-year LIBOR		1.50563%
All-in cost		1.70563%

The proceeds of the loan were used to repay the existing money-pool loans. The money pool loans had been provided by LG&E Energy Corp. to fund the acquisition of a portion of four combustion turbine units, and to fund 2001 Amended Pollution Control Compliance Plan costs.

Please confirm your receipt of this information by placing the File Stamp of your Office on the enclosed additional copy and returning it in the envelope provided.

Should you have any questions regarding this transaction or this information, please contact me at 502-627-4110 or contact Don Harris at 502-627-2021.

Sincerely,



John Wolfram

cc: Dan Arbough
Kendrick Riggs – Ogden, Newell, and Welch

1

Enter all values and hit <GO>.

N236 Govt YA

YIELD ANALYSIS

CUSIP 912828AR1

US TREASURY N/B T 1 3/4 12/31/04 100-15+ /100-16+ (1.25 /22) BGN @11:03

PRICE 100-16+

SETTLEMENT DATE 1/ 7/2004

YIELD CALCULATIONS	MATURITY 12/31/2004
STREET CONVENTION	1.219
TREASURY CONVENTION	1.219
TRUE YIELD	1.219
EQUIVALENT 1/YEAR COMPOUND	1.223
JAPANESE YIELD (SIMPLE)	1.219
PROCEEDS/MMKT EQUIVALENT	1.203
REPO EQUIVALENT	1.721
EFFECTIVE @ 1.219 RATE(%)	1.219
TAXED: INC 39.60% CG 28.00%	0.737

ISSUE PRICE = 99.863. BOND PURCHASED WITH PREMIUM.

SENSITIVITY ANALYSIS	
ENV DURATION(YEARS)	0.976
ADJ/MOD DURATION	0.971
RISK	0.976
CONVEXITY	0.014
DOLLAR VALUE OF A 0.01	0.00976
YIELD VALUE OF A 0 3/2	0.03202

CASHFLOW ANALYSIS	
To 12/31/2004	WORKOUT 1000M FACE
PAYMENT INVOICE	
PRINCIPAL[RND(Y/N)]	1005156.25
7 DAYS ACCRUED INT	336.54
TOTAL	1005492.79
INCOME	
REDEMPTION VALUE	1000000.00
COUPON PAYMENT	17500.00
INTEREST @ 1.219%	53.35
TOTAL	1017553.35
RETURN	
GROSS PROFIT	12060.56
RETURN	1.219

FURTHER ANALYSIS	
HIT 1 <GO>	COST OF CARRY
HIT 2 <GO>	PRICE/YIELD TABLE
HIT 3 <GO>	TOTAL RETURN

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 920410
 Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2004 Bloomberg L.P.
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Indicative New Issue Pricing – Louisville Gas & Electric (A1/A-)

Secured

Maturity	1 Year
Fixed Rate Issuance	
Benchmark	1.75% 12/04
Benchmark Yield	1.230%
Reoffer Spread	+20 - 25
Reoffer Yield	1.43% - 1.48%
Coupon	1.375%
Fees	0.100%
All-in Yield	1.53% - 1.58%
Swapped to Libor Levels	
Swap Spread	+18
Reoffer versus LIBOR	\$L+2 - 7
All-in versus LIBOR	\$L+12 - 17

Benchmark and reoffer spreads as of 12/29/2003.

Unsecured

Maturity	1 Year
Fixed Rate Issuance	
Benchmark	1.75% 12/04
Benchmark Yield	1.230%
Reoffer Spread	+30 - 35
Reoffer Yield	1.53% - 1.58%
Coupon	1.500%
Fees	0.100%
All-in Yield	1.63% - 1.68%
Swapped to Libor Levels	
Swap Spread	+18
Reoffer versus LIBOR	\$L+12 - 17
All-in versus LIBOR	\$L+22 - 27

Benchmark and reoffer spreads as of 12/29/2003.

BARCLAYS

Arbough, Dan

From: Trachsel, Scott (GMIT - CAPMTS) [scott_trachsel@ml.com]

Sent: Tuesday, December 30, 2003 9:40 AM

To: Arbough, Dan; Horne, Elliott

Cc: Rogers, William (GMI - CAPMKTS); Vitale, Salvatore (GMI -

Subject: RE: Indicative Pricing

Dan and Elliott -

Here are the all-in rates you requested. Please let me know if you need this information in spreadsheet format.

Regards,

Scott

212-449-4908

LG&E 1-yr FMB A1/A- (\$100mm):

All-in rate = 1.71% (L+10bps or UST +30bps; 1.56% coupon; 1.71% all-in, inclusive of 0.15% underwriting fees)

LG&E Energy Corp 5-yr Senior Unsecured A3/BBB (\$50mm):

All-in rate = 4.12% (UST +70bps; 3.98% coupon; 4.12% all-in, inclusive of 0.60% underwriting fees)

-----Original Message-----

From: Arbough, Dan [mailto:Dan.Arbough@lgeenergy.com]

Sent: Friday, December 26, 2003 3:49 PM

To: Trachsel, Scott (GMIT - CAPMTS)

Cc: Horne, Elliott; Rogers, William (GMI - CAPMKTS)

Subject: Indicative Pricing

Scott,

Can you help me with some additional indicative pricing. I need all in rates (including underwriting costs) for the following:

Louisville Gas and Electric

\$100 million

1 year

LG&E Energy Corp.

\$50 million

5 years

If possible, I would like to have these indications by close of business Jan. 2. If you have any questions, I will be out on vacation, but feel free to call Elliott Horne at 502-627-3652.

Thanks.

Dan

Indicative USD pricing for Louisville Gas & Electric Co (A1/A-) (s/s) - First Mortgage Bonds

New Issue Pricing as of January 5, 2003

	1-year
Reference Treasury	Treasury strip (1/15/05)
Treasury Yield (%)	1.31
Reoffer Spread (bps)	5
Coupon (%)	1.36
Fees (bps)	25.0
Amortized fees (bps)	25
All in Yield (%)	1.61
Swap rate (%)	1.50
All-in to 3mSL (bps)	11

<HELP> for explanation, <MENU> for similar functions.

P226 Index HP

Page 1 / 3

CLOSE/ASK/ YIELD
US0012M LIBOR-USD FIX 12 MONTH

Range 7/14/03 to 1/13/04 Period D Daily

HI 1.63000 ON 12/ 4/03

AVE 1.4091

LOW 1.16000 ON 7/14/03

DATE	YIELD	DATE	YIELD	DATE	YIELD
F		F 12/26		F 12/ 5	1.57625
T		T 12/25		T 12/ 4 H	1.63000
W		W 12/24	1.48000	W 12/ 3	1.61250
T 1/13	1.35000	T 12/23	1.46188	T 12/ 2	1.61875
M 1/12	1.34250	M 12/22	1.43500	M 12/ 1	1.60000
F 1/ 9	1.46688	F 12/19	1.44875	F 11/28	1.56250
T 1/ 8	1.47000	T 12/18	1.43250	T 11/27	1.54375
W 1/ 7	1.47000	W 12/17	1.42875	W 11/26	1.48938
T 1/ 6	1.50563	T 12/16	1.44375	T 11/25	1.50438
M 1/ 5	1.51000	M 12/15	1.46000	M 11/24	1.47000
F 1/ 2	1.47750	F 12/12	1.43875	F 11/21	1.45375
T 1/ 1		T 12/11	1.50250	T 11/20	1.45500
W 12/31	1.45688	W 12/10	1.52000	W 11/19	1.42875
T 12/30	1.46000	T 12/ 9	1.49875	T 11/18	1.46375
M 12/29	1.43000	M 12/ 8	1.48000	M 11/17	1.43000

Australia 61 2 9777 8600

Brazil 5511 3048 4500

Europe 44 20 7330 7500

Germany 49 69 920410

Hong Kong 852 2977 6000 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2004 Bloomberg L.P.

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